



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 11, 2005

Mr. Bob Bayer
JBR Environmental Consultants, Inc.
8160 South Highland Drive, Suite A-4
Sandy, Utah 84093

Subject: Follow up to Release Request, North Lily Mining Company, North Lily Tintic Project, M/023/007, Juab County, Utah

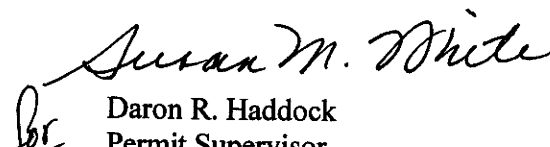
Dear Mr. Bayer:

In our January 5, 2005 letter to you, we indicated the need to do a proper vegetation assessment at the North Lily site prior to our being able to grant bond release for the site. On June 8, 2005, our inspectors visited the site and completed a general assessment of the vegetation. A copy of the inspection report is enclosed. You will note in the report that the vegetation for the site does not meet our standards for allowing bond release. There are also infestations of noxious weeds at the site that need to be controlled. Because of the sparse vegetation and the weed problem, the Division is unable to grant your request for a release of the bond monies at this time.

We suggest further efforts to improve the vegetation at this site. If you feel that the site meets the requirements for release, you may want to collect your own vegetation measurements and submit them for analysis.

If you have any questions concerning this decision, please contact me at (801) 538-5325.

Sincerely,


Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:dj:jb
Enclosure: Inspection report
cc: Doug Jensen, DOGM
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